GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5025
ANSWERED ON:31.03.2017
Education Loans
Biju Shri Parayamparanbil Kuttappan;K. Shri Parasuraman;Kamaraaj Dr. K.;Maganti Shri Murali Mohan

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to providing educational loans for non-professional courses and if so, the details thereof;

(b) whether the Government has received complaints against banks from the parents, students, universities, educational premier institutions regarding refusal/delay in sanctioning of educational loans for students aspiring for admission for IITs, IIMs, Medicine and other professional educational courses and if so, the details thereof and the action taken by the Government in this regard;

(c) whether any specific directions have been issued to banks to sanction loans to the students without any surety or restrictions and if so, the details thereof;

(d) whether the Government has issued any guidelines for enhancement of loan upto Rs 15 to Rs 20 Lakh for engineering and upto Rs.50 lakh for medicine course; and

(e) if so, the details thereof and if not, the reasons therefor?

Answer

(MINISTER OF STATE IN THE MINISTRY OF FINANCE)

(a) As per Indian Banks' Association (IBA) Model Scheme, approved courses leading to graduate/ post graduate degree and P G Diploma conducted by Colleges/ Universities recognized by the University Grants Commission, the All India Council for Technical Education, the Indian Council of Medical Research, etc. are eligible for education loan. Model education loan scheme covers recognized non professional courses.

(b) Complaints regarding educational loans, as and when received by the Government, are taken up with banks concerned for corrective action. As informed by Public Sector Banks, during 2016-17 (upto December, 2016), 2608 complaints related to education loans were received, out of which 2497 were disposed off. In order to facilitate easy processing and disbursal of loans, Government has launched a web-based portal namely, Vidya Lakshmi Portal. Students can view, apply and track the education loan applications online by accessing the portal.

(c) All education loans upto Rs 4 Lakh are collateral free as per RBI guidelines. Further, Government of India has launched a Credit Guarantee Fund Scheme for Education Loans (CGFSEL) wherein collateral free loan is given upto Rs.7.5 lakh.

(d) & (e) As per IBA Model Scheme, Education Loan Limit is Rs 10 Lakh for studies in India and Rs 20 Lakh for abroad studies. However, Banks may consider capping stream wise/ institution wise cap on education loan amount by taking into account reputation and placement history of the education institution concerned. Banks may consider higher quantum of loan on course to course basis.

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